

DRAFT

SUMMARY - PUBLIC HEARING

HAWAII COMMUNITY DEVELOPMENT AUTHORITY

State of Hawaii

May 1, 2013 – 9:00 a.m.

ATTENDANCE

Members Present: Randy Grune (DOT)
Brian Lee
Lois Mitsunaga
Ralph Morita (DAGS)
Luis Salaveria (DBF)

Members Absent: Miles Kamimura
Kamaki Kanahele
Richard Lim (DBEDT)

Others Present: Anthony Ching
Lori Tanigawa (Deputy Attorney General)
Deepak Neupane
Shelby Hoota
Patricia Yoshino
Holly Hackett (Court Reporter)

A public hearing of the Kakaako members of the Hawaii Community Development Authority (“Authority”), a body corporate and public instrumentality of the State of Hawaii, was called to order by Mr. Brian Lee, Chairperson of the Authority at 9:03 a.m. on Wednesday, May 1, 2013, at the Authority’s principal offices at 461 Cooke Street, Honolulu, Hawaii 96813.

Development Permit Application KAK 13-019: MJF Development Corporation

Chairperson Lee stated that the public hearing was being held under the provisions of §206E-5.6, Hawaii Revised Statutes, and pertaining to §15-23-11, Hawaii Administrative Rules. The HCDA would be holding public hearings in accordance with §206E-5.6, HRS, to review the development permit application KAK 13-019 (“Application”) dated March 8, 2013. The nature of the public hearing was to allow the Application to be presented to the Authority and to provide the public with the opportunity to present oral and/or written testimony. A second public hearing was scheduled for June 5, 2013, during which the Authority will render a decision on the Application.

Chairperson Lee stated that the applicant is MJF Development Corporation (“Applicant”), and the project address is 803 Waimanu Street. The TMKs for the

property are: 2-1-049: 050, 070, and 072. The Applicant proposes to demolish existing single-story industrial buildings and develop a 217-unit workforce housing project with parking for 245 vehicles, ground floor retail commercial space on the Kawaiahao frontage and open space on the Waimanu frontage. The decision making public hearing for the Application was scheduled for June 5, 2013.

Notice of the public hearings were published on March 31, 2013, in the Honolulu Star Advertiser. The notice was made available for public review at the office of the Hawaii Community Development Authority ("HCDA") and on the HCDA website. In addition, the landowners, lessees and other stakeholders in the Kakaako District and surrounding communities, state and county agencies, state legislators, Honolulu City Councilmembers, and various interested community groups and individuals were notified of this hearing by fax and e-mail. Pursuant to HRS 206E-5.6, notice was provided to the President of the Senate and Speaker of the House.

Mr. Deepak Neupane, HCDA Director of Planning and Development for Kakaako, presented staff's report on the Application. He described in detail the analysis of the Application, including the project description, provisions of Subchapter 4 of the Kakaako Reserved Housing Rules regarding workforce housing projects, the completeness review of the Application, development permit procedures and compliance with land use, neighborhood zone and building type, building placement, building form, frontage type, thoroughfare plan, pedestrian zone treatment, architectural design, view preservation, tower spacing, maximum height, open space, landscape and recreation space, green building, flood zone, parking and loading, public facilities dedication specifications that apply to the project. The Applicant was requesting the following modifications from the provisions of the Mauka Area Rules:

- Modification of Pedestrian Zone Treatment
- Modification of Tower Spacing
- Modification of Maximum Height
- Modification of Off-Street Loading
- Modification of Parking
- Modification of Parking Access

Chairperson Lee asked whether Members or the Executive Director had any questions on the staff report.

Executive Director Anthony Ching asked if the lower Imperial Plaza tower was currently about 39-1/2 feet from the proposed project.

Mr. Neupane replied the distance between the proposed project and the lower tower, not the parking podium, would be 39-1/2 feet.

Mr. Ching asked for the height of the taller Imperial Tower.

Mr. Neupane replied that the mauka tower was 400 feet.

Mr. Ching noted that the tower is currently 89 feet and 10 inches from the project, and the requirements would be 80 feet.

Mr. Neupane explained that the Mauka Area Rules ("Rules") require that if a tower is directly behind another tower, then the separation distance between the two towers in the mauka-makai direction is 300 feet. If a tower is offset so that it doesn't fall within the sight line of the tower behind it, then the separation is only 80 feet.

Mr. Ching asked if the taller tower was offset.

Mr. Neupane replied that it was not entirely offset. A portion of the proposed tower falls within the sight line, so there is no complete separation. The required separation distance would be 300 feet.

Mr. Ching inquired about the parameters affecting the distance for the lower Imperial Plaza tower.

Mr. Neupane explained that the Rules require that on a Diamond Head-Ewa side, if the 2 towers are parallel, then the distance is 80 feet. The Imperial Plaza tower is parallel, but the project is proposing to be 39 feet apart. When Rules talk about a tower, it envisions a 400-foot tower. We are still treating the lower tower as a tower, even though it is much lower than 400 feet.

Mr. Ching asked whether the maximum allowable height would be 65-68 feet for the 21,192 square foot parcel.

Mr. Neupane explained that the maximum allowable height is not based on size of the parcel, but on the neighborhood zone. In the Central Kakaako neighborhood zone, the allowable height is 65 feet.

Mr. Ching asked what approximate size parcel would support a tower of approximately 250 feet.

Mr. Neupane explained it is physically possible to put a 250-foot tower on a 20,000 square foot lot. You could therefore construct a tower up to the maximum height of 400 feet provided there is adequate density.

Mr. Ching noted that, while it is feasible to develop a 250-foot tower on a 20,000 square foot lot, the rule in question is that the character and the nature of the Central Kakaako district is such that the Authority established a 65-foot height limit.

Mr. Ching asked whether comments have been received to date from the City and County of Honolulu ("City") Department of Transportation Services ("DTS") and the Department of

Environmental Services (“DES”) regarding infrastructure.

Mr. Neupane stated that comments received yesterday from the DTS recommended a traffic impact analysis for the project. The DES indicated that the Department of Planning and Permitting’s wastewater branch would be the entity issuing the sewer permit. Per the developer, the wastewater branch has indicated there is adequate sewer capacity and connections should not be a problem.

Mr. Ching asked if there has been any comment from the State Historic Preservation Division (“SHPD”).

Mr. Neupane stated that a response was requested but has not yet been received.

Mr. Ching asked whether staff research has indicated that there might be historic or cultural resources impacted by the proposed development.

Mr. Neupane explained that when the Environmental Impact Statement for the Mauka Area Plan and Rules was conducted, a cultural impact statement was a requirement. In reviewing that statement, it appears that there are no known cultural or historic sites in the vicinity of the project. However, it is difficult to say what is under the ground.

Mr. Ching asked if the developer had made any commitments to address any likely historical or cultural impacts that might be found in the area.

Mr. Neupane replied that the Applicant intended to prepare an archaeological inventory survey once the demolition of the existing structure is completed.

There being no further questions from Authority Members or the Executive Director, Mr. Franco Mola, MJF Development Corporation, and Mr. Fabrizio Medosi, Pacific Atelier International LLC, gave a presentation on the project via a PowerPoint presentation (see Exhibit A).

A recess was taken at 10:20 a.m.

The hearing was reconvened at 10:28 a.m.

Chairperson Lee asked whether Members or the Executive Director had any questions for the Applicant.

Mr. Ching stated that the Applicant had just submitted revised floor plans which now offered 3-bedroom units. He asked if the revised plans would create any changes to the physical envelope of the building or reflect any increase in the floor area ratio of the project.

Mr. Mola replied that it would not. After meeting with HCDA staff and discussing the proximity to the Imperial Plaza low rise tower, he decided to eliminate the parking along

that edge and rethink the product mix. It would not affect the elevation or the floor area ratio. Only the parking structure would be affected to allow more spacing between the tower and the Imperial Plaza.

Mr. Ching asked for the total number of units to be developed.

Mr. Mola replied that it would be 192 units.

Mr. Ching asked how many of the units would constitute the 75% minimum workforce housing units.

Mr. Mola replied that 100% of the units would be sold to people making less than 140% of the area median income ("AMI").

Mr. Ching asked for confirmation that the developer was offering no distinction in terms of market units versus workforce housing units.

Mr. Mola answered in the affirmative.

Mr. Ching asked again whether all 192 units would be designated as workforce housing units.

Mr. Mola answered in the affirmative.

Mr. Ching asked Mr. Mola to describe his interest in the property and what kind of site control was possessed.

Mr. Mola replied that they were in escrow, were past the due diligence period, released the deposit, and would be closing the transaction soon.

Mr. Ching asked if he would be purchasing the property in fee.

Mr. Mola answered in the affirmative.

Mr. Ching asked the Applicant to confirm his compliance or intended compliance with the workforce housing rules:

1. Project would not be dependent on federal, state or county government subsidies.
2. Pricing would be affordable to individuals and family units earning between 100 - 140% AMI.
3. Applicant would provide a pricing schedule for the various units and indicate how they calculate to be qualified for purchase by 100-140% AMI qualified individuals or families.
4. Project would conform to maximum size criteria mentioned in Subchapter 4 with respect to size of units of various types.

5. Floor unit sizes would apply to the revised floor plan provided to the HCDA today.

Mr. Mola confirmed the project would comply with the workforce housing rules.

Mr. Ching asked the Applicant questions regarding infrastructure (Applicant's response in italics):

1. The City DTS correspondence indicated that a traffic impact analysis report would have to be prepared. *Yes.*
2. There is adequate infrastructure for wastewater to meet the project needs. *Yes, notification received that availability on the site meets with request.*
3. Applicant will conduct an archaeological inventory survey ("AIS") of the site. *Yes, once existing building is demolished and prior to any grading, an AIS will be done and developer will follow any recommendations.*
4. If AIS is conducted and something is found during the construction period, is applicant aware that he would be required to stop work and obtain clearances from SHPD. *Yes.*
5. Has correspondence been received from Board of Water Supply that there is adequate drinking water supplies to service the project. *Yes.*
6. Does the proposed green along the Waimanu and Kawaihahao frontage encroach on the public right of way. *No.*
7. The Applicant is not planning to develop liner on the second floor as the rules require because it would reduce the availability of parking stalls. *Yes.*
8. The unit count is 192. What would be the parking count? *198.*
9. Would there be any encroachments on the Diamond Head or Ewa sides of the project, with respect to design elements on the adjacent property owners. *No.*
10. Drainage improvements would be made. Does Applicant intend to insure that there are no offsite impacts, and drainage would be managed within the site? *Yes. A storage facility will be located below the ground level parking for water. It will be sized according to average rainfall for that area, and will also be used to irrigate the landscaping onsite.*
11. All 192 units will be available for sale for 60 days to qualified families. What happens after 60 days? *Applicant does not expect sales to be out there more than a day. Should it go past 60 days, consistent with requirements of lenders and financial stakeholders, the units would then be available to anyone in the market.*
12. Does the Applicant expect to be able to market successfully within the first 60 days all units to qualified families per the workforce housing requirements? In the event the first 60 days sales program is unsuccessful in marketing all available units, will the remaining units continue to be marketed to individuals making between the 100 - 140% AMI. *Yes.*
13. If financing is dependent on achieving a particular level of presale and associated nonrefundable unit deposits, what is that level? *The required level is 60%.*
14. If not able to achieve a 60% presale level, what would happen and would the Applicant keep trying. *Do not expect that to be the case. It would only happen if*

pricing is out of line. Because they will be marketing to people who make less than the 140% AMI requirement and also will place pricing to 90% and 120% AMI with most at 100 - 110%, they do not expect that to happen.

15. What will be the pricing schedule for each type of unit -
*Studio \$249,000 - \$334,000
1 bedroom \$375,000 - \$435,000
2 bedrooms \$395,000 - \$450,000
3 bedrooms \$550,000 - \$586,000*
16. Is this pricing schedule compliant with those making 90 - 140% AMI? *Yes.*
17. Will the photovoltaic system be used to energize only the common areas or more?
It will energize the common areas. The system would be owned by homeowner's association and any excess can be sold to HECO.
18. Will the solar water system meet needs for all residents? *There will be a central boiler system with a heat pump. Adding solar panels is expected to reduce electricity costs for water heating by 50%.*
19. Is the modification request for the parking podium on the Diamond Head side of the building just to insure floor to floor connectivity with no elevation change in order to would match with the residential floor levels and transition between the parking levels and residential floor levels Was that the purpose for the design on the parking podium? *The first level of parking is required to have a 14-foot clearance for vans. Because of that and because of parking that we need, it required us to exceed it by 3-1/2 to 4 feet on the Waimanu side. We don't exceed it on the Kawaihahao side. The reason then for requested modification is to comply with the design requirements of a 14-foot first floor and then ending up with a total number of parking stalls on that particular side of the podium. Yes-*
20. Who is regulating authority for granting the loading zone at that particular location? *We assume it is the HCDA and will also be working with the City on the details. In the event that HCDA approves the location of the loading zone, but there is a dispute with the City and they don't approve, do you have an alternative design plan. We would work on one. In past experience with City on affordable projects, they work closely to make it work. Have similar situation at another building and worked with City to arrive at a solution.*
21. Storm water -Waimanu and Kawaihahao Streets do not have drainage systems and no curb and gutter. Is there any analysis for capacity that, in the event of an extreme rain event, it would not overwhelm the onsite system? *Currently there is no curb and gutter on the street other than the Imperial Plaza. By adding the curb and gutter with the proper flows on our property, the runoff will find its way to where the storm drain is on Cooke Street. We will be working out the civil engineering issues in detail with the City. The footprint generates water and by taking that water off our footprint alone, is going to reduce quite a bit of the flooding. There is a curb gutter sidewalk section and we will duplicate that section along our frontage as required.*
22. Initial plans upon which the completeness review was determined clearly depicted market units. Current floor plans just submitted now indicate that 100% of the units are now workforce units with no distinction as market units. *Yes. The*

distinction was just to comply with the HCDA rule. The intent has always been to price the units in the 140% range.

23. Will the Open space on Waimanu and frontage improvements be at developer expense? *Yes. Approximately 40 foot from the back of the property line to the building and about 80 feet in width that will be landscaped frontage.*

Chairperson Lee asked the Applicant how market demand was determined.

Mr. Mola explained that studies done by third party talk about rental and for sale needs in Kakaako. A study focused on Kakaako showed that there is a need for up to 10,000 units. Those units are targeted anywhere from 80 to 250% AMI, but of those 10,000 units, about 7,000 units were in the 120% AMI. The margins on the project are quite different than on the luxury side. With incentives from the HCDA, they can work on a smaller margin, because the marketplace for this type of project far exceeds the supply and reduces the risk.

Chairperson Lee asked the Applicant to describe his past projects in Hawaii.

Mr. Mola replied that his completed projects include Kekuilani in Kapolei and Kulana Hale on Kalakaua and Beretania Streets.

Chairperson Lee asked if there were any projections on the amount of jobs that will be created, amount of property tax, general excise tax and other economic impacts that might come from the project.

Mr. Mola estimated that the general excise tax would be around \$1.5 million. During the construction, there will be 30-40 subcontractors and up to 1,000 people will be working on site over time. When completed, the staffing of the project will be 10-12 people, with 2-3 dedicated staff off site involved with bookkeeping.

Chairperson Lee asked whether a general contractor had been selected.

Mr. Mola replied in the negative.

Chairperson Lee asked if any street improvements or traffic studies had been done.

Mr. Mola stated that will be engaging with the City and will perform a traffic study and comply with the findings of the study.

PUBLIC TESTIMONY

Chairperson Lee noted that written testimony on the project had been received as follows:

Thirty-six (36) were opposed to the project. Of that number, thirty-three (33) were residents of the Imperial Plaza. Those opposed were:

1. Vivian Fisher
2. Isaac and Connie Smyth
3. Stephen V. Bisceglia
4. Hannah S. Jurinka
5. David Lane, MD
6. David Berry
7. Rolly C. Ganir
8. Mitsuru Misawa, Anne Misawa, Keahi Chun
9. Mansour Arekat
10. Clara Morikawa
11. Grace Lambert
12. Steven A. White, Shelley S. White
13. Peter Wargo, Sue Ann Wargo
14. Gerald K. L. Chun
15. Paula Tadaki
16. Cynthia Y. Lee, Don C. Poole
17. The Shum Family
18. Richard Bowman
19. Linda Anzai
20. Garrett Grace
21. Tom Shirbish, Alisa Shirbish
22. Yang Ja Ko
23. Carlyn Ko
24. Ruth Kobelansky
25. Esther Kwon Arinaga
26. John Wood. Pam Wood
27. Caryn Okuda
28. Allen Iseri
29. Patricia Iseri
30. Caroline Kishida
31. Michiko Inaba
32. Adrian Walker
33. Bernard K. Nunies
34. Frederick Raza, Mercedes Benz-Jaguar Motorcars
35. Christine Kaneshiro
36. S. James Lee, MD, FACS

Sixteen (16) were in support of the project. They were:

1. Kamariah Richardson
2. Sandy Cabanban
3. Anthony Sedillo
4. Stacy Salas
5. Lia Powers, Justin Powers

6. Jordan Guillory
7. Tanya Metzker
8. Loraine Albinio
9. Edna Rennoe
10. Kimo Smigielski
11. Charlie Hardin
12. Dennis Mahoney
13. Darren Anderson
14. Wendall Yamada
15. Paul Kyno, Sotheby's Int. Realty, Inc.
16. Megan Torres

Five (5) submitted comments only. They were:

1. Duane Y. Kashiwai, Dept. of Education
2. Lori Kahikina, Dept. of Environmental Services
3. Ernest Y. W. Lau, Board of Water Supply
4. Michael D. Formby, Dept. of Transportation Services
5. Rep. Scott Saiki, Sen. Suzanne Chun Oakland, Council Member Carol Fukunaga, Rep. Tom Brower, Sen. Brickwood Galuteria

Chairperson Lee explained that any testimony received after 5:00 p.m. on April 30, 2013 were not included in the lists read. However, such testimony would be compiled and made available to the Members and included in the analysis of the Application.

The following persons provided oral testimony:

1. Representative Scott Saiki, comments
2. Councilmember Carol Fukunaga, comments
3. Guliz Erdem, opposed
4. Gerald K.L. Chun, opposed
5. Pamela Wood, opposed
6. Bernard Nunies, opposed (also submitted a petition with 413 signatures opposing the project)
7. Kamariah Richardson, support
8. Eddie Johnson, opposed
9. Michael Korman, opposed
10. Don Kunitomo, opposed
11. Hannah Jurinka, opposed
12. John Kobelansky, Jr., opposed
13. Frank Leslie, support

A recess was taken at 11:59 a.m.

The hearing was reconvened at 12:14 p.m.

(Oral testimony - continued)

14. Mike Kuhl, oppose
15. Sean Newcamp, support
16. David Vines, opposed
17. Byron Ho, support
18. Francine Summers, support
19. Justin Cruz, opposed
20. Ruth Kobelansky, opposed
21. Paula Tadaki, opposed

Questions/Discussion by Authority Members during the Testimony Period

Chairperson Lee asked the Applicant what kind of outreach efforts had been made.

Mr. Mola replied that they had not contacted the ownership next door. He was willing to set up a meeting with the homeowners to take them through the details of the architecture and landscaping, and through that find common ground.

Councilmember Fukunaga stated she would be happy to help facilitate scheduling specific meetings before the board's next hearing and hoped that by getting together, there may be ways of mitigating some of the potential impacts.

Member Salaveria asked Mr. Leslie whether, given his experience in real estate, whether he agreed with the developer's position that 60 days would be more than enough time to actually allocate all of the units.

Mr. Leslie replied that he did a lot of research on the original proposal and found it amazing that the developer was flexible enough to reduce the number of units available from 217 to 192 in an effort to meet the proximity to the next tower with the midrise. If there were over 5,000 applicants for 801 South Street and only 680 were selected in a lottery, it shows that that we cannot meet that need for the people of Honolulu on a continual basis, because there is no housing.

Chairperson Lee asked Mr. Ching whether there was a waiver of the affordable housing requirements when Koolani and Hokua were built.

Mr. Ching replied that the Hokua and 909 Kapiolani were towers where the Authority had waived the reserved housing requirements.

A recess was taken at 11:59 a.m.

The hearing was reconvened at 12:14 p.m.

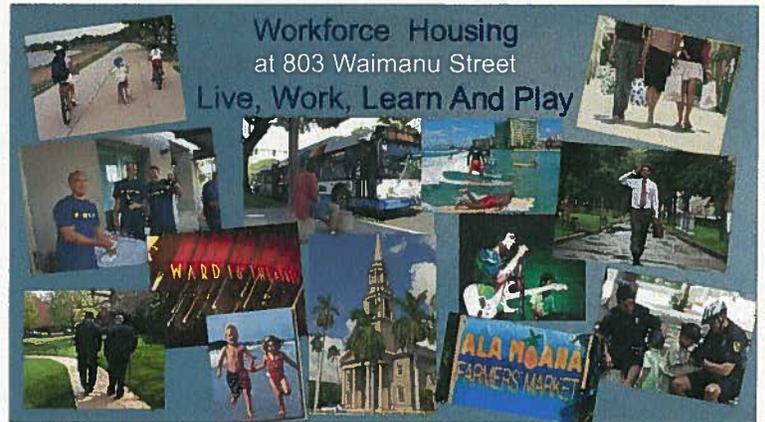
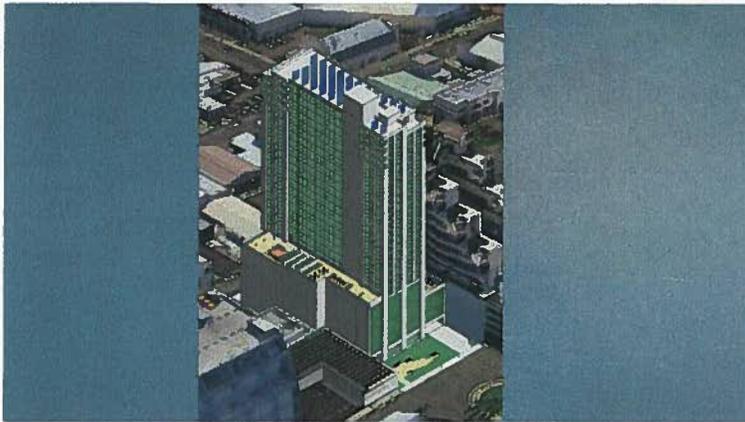
Chairperson Lee explained that, given the Applicant's representation today that the project will consist of 192 units rather than the 217 units listed in its permit application, it would be appropriate to continue the public hearing to June 5, 2013, at which time additional public comment will be received. The currently scheduled decision making on June 5, 2013 will be rescheduled to July 3, 2013. The notice will be published and will give everyone more time to come together and work out some of the issues.

ADJOURNMENT

The public hearing was recessed at 12:36 p.m. and would be continued on June 5, 2013 at 9:00 a.m.

Note: The transcript of this meeting contains a verbatim record and should be consulted if additional detail is desired.

Attachment: Exhibit A - Workforce Housing at 803 Waimanu Street



For the 1st 60 days
ALL units will be offered to owner occupants earning 140% AMI and below

Designed to meet the increasing need of the workforce market

Households earning Less than 140% of AMI

Target Market

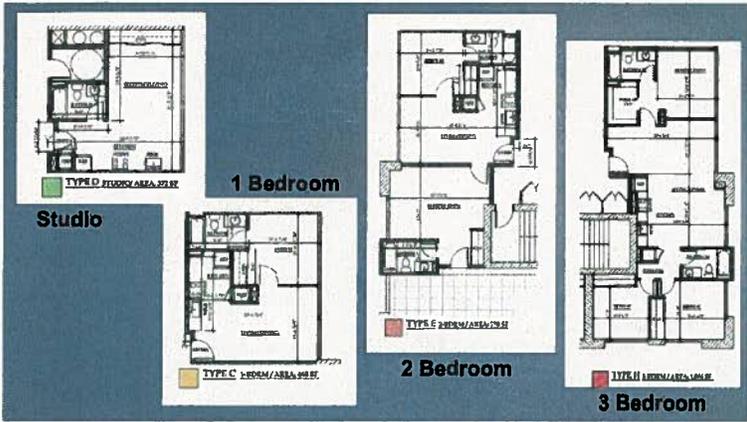
Project Timeline

- Go to Sale 3rd quarter 2013
- Construction begins 4th quarter 2013
- Construction complete 1st quarter 2015

All workforce housing units

Sales prices are from \$249,000 to \$586,000

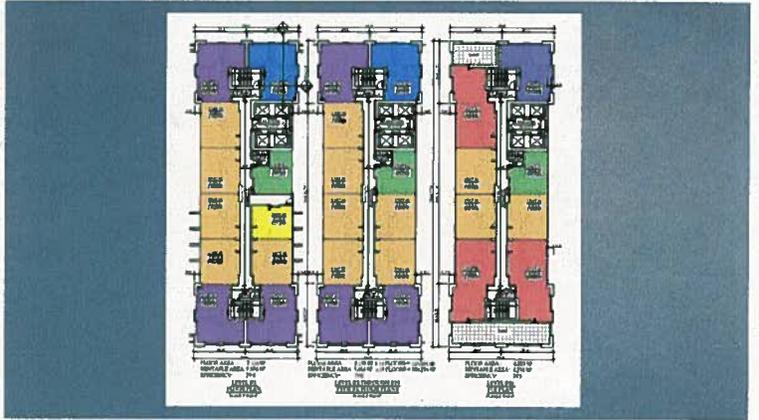
These sales prices are for people who make between 90% AMI to no more than 120% AMI



- Demolish the existing single story industrial building
- Develop 217 housing units
 - 20 Studios
 - 116 1 Bedroom units
 - 81 2 Bedroom units

Features & Amenities

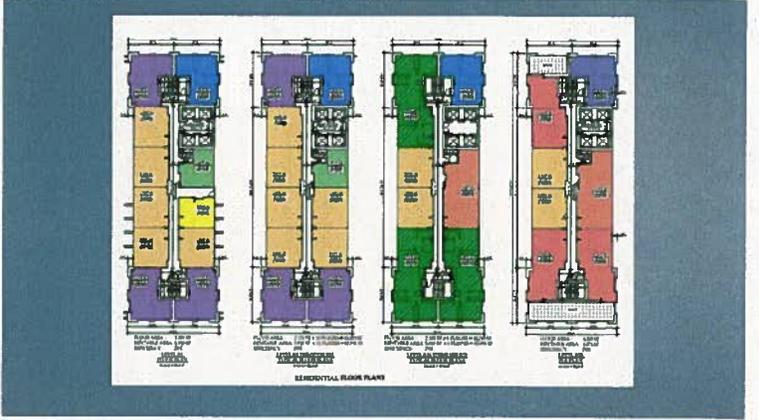
- Ground floor retail / commercial on Kawaiahao Street
- Open space and landscaped 'green wall' on Waimanu Street
- Access to building from both Waimanu Street and Kawaiahao Street alleviates traffic congestion
- Ground floor recreational room and recreation spaces on the parking roof decks for owner's use
- Rainwater collection system to help alleviate current storm water drainage problem on Waimanu Street
- Rooftop photovoltaic system
- Rooftop solar hot water heater system

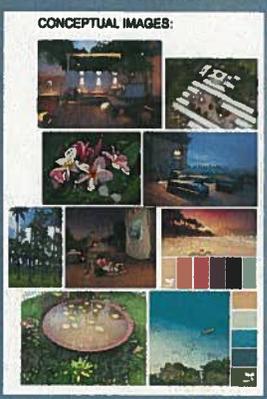
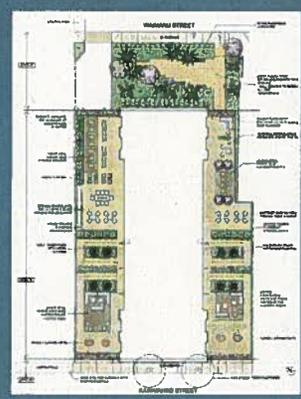
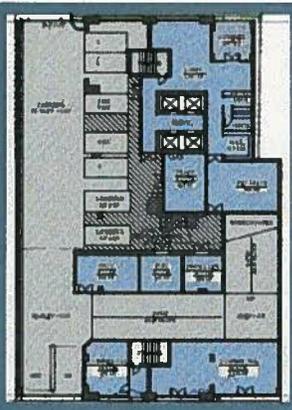
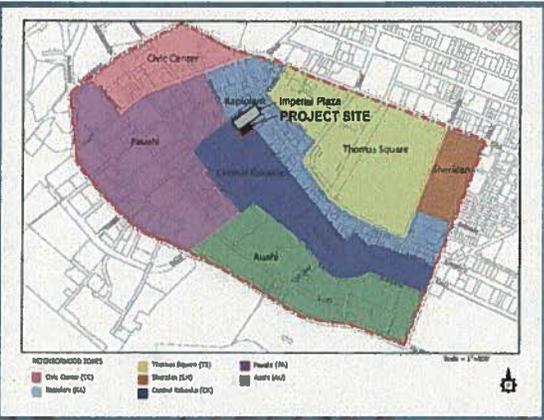


Designed to the U.S. Green Building Council LEED Rating System

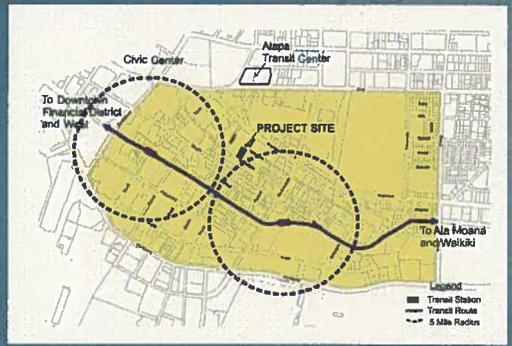
Some notable features include:

- Solar water heating system
- Photovoltaic system
- Community Connectivity
- Water efficient landscaping
- Energy efficient plumbing fixtures & appliances
- Indoor environmental efficiency in lighting and thermal comfort
- Rainwater collection system





Transit-Oriented Development



Mauka Elevation



Ewa View

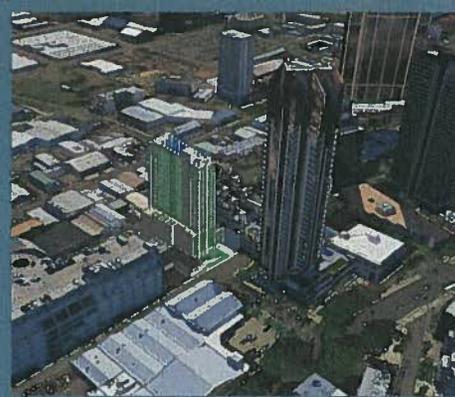
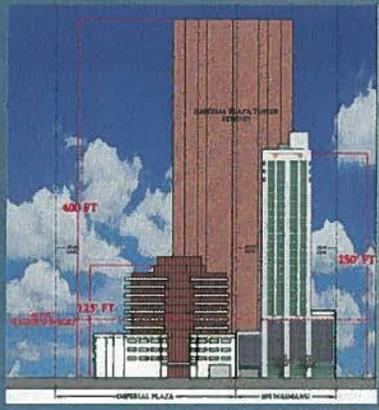


View Looking Mauka

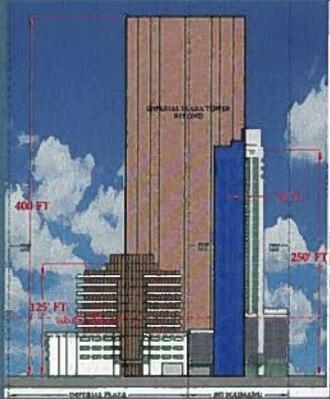
Development Permit Modification Request

#1

Change in tower and portion of podium height



View Looking Makai

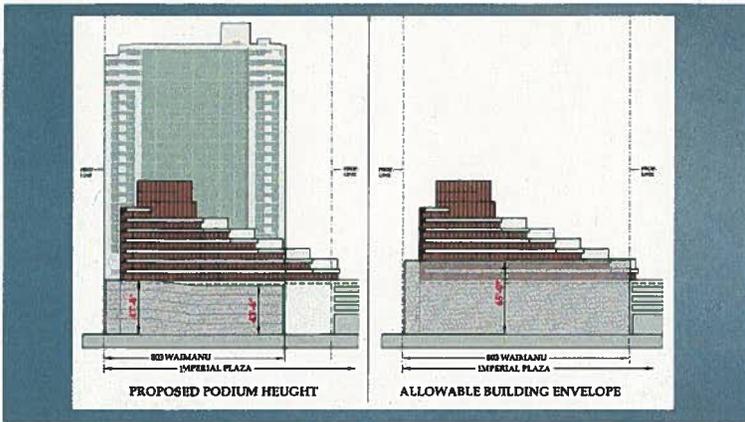


Makai Elevation

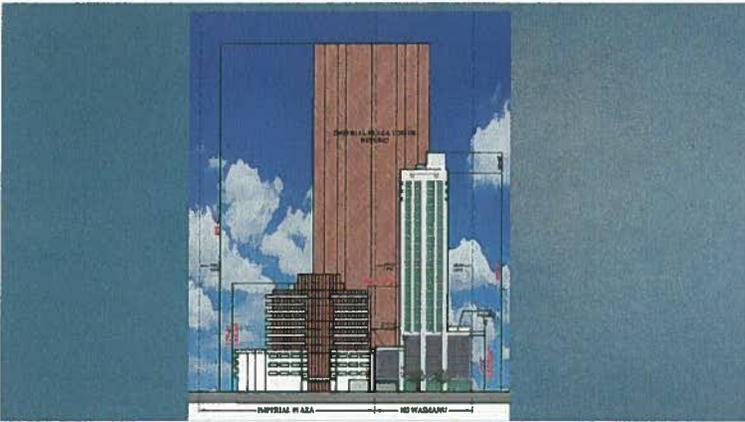


Diamond Head View

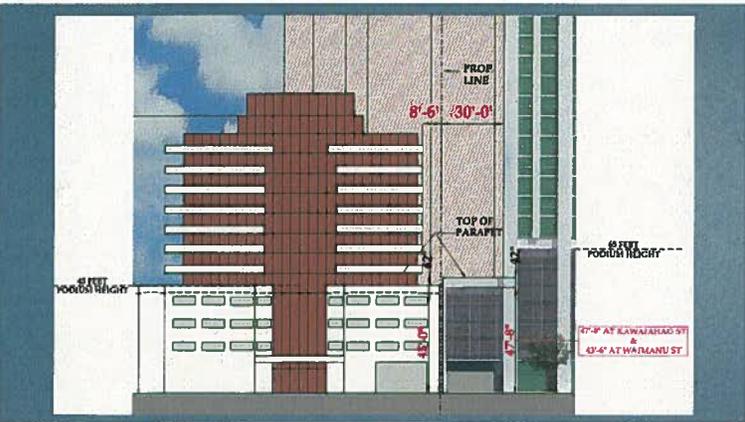




Who needs workforce housing?
 People who take care of our children, our seniors and our communities. For example, teachers, health care workers, municipal employees and the other workers who provide essential services - retail, manufacturing, service, and hospitality workers.



Workforce Housing at 803 Waimanu Street



Mahalo